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DEPARTMENT OF ENERGY

NOTIFICATION

The 7th August 2013

SUBJECT—Construction of new 33/11 KV Substations in the State.

1. Background :

No.6366—BT (EXPR)-21/2013-EN.—Distribution Business in Odisha is being managed by four Distribution Companies, three under the management of R-Infra Group (SOUTHCO, WESCO & NESCO) and one (CESU) under a scheme promulgated by Odisha Electricity Regulatory Commission (OERC). The private sector participation was allowed in the distribution segment in the year 1999 to strengthen the system by infusing fresh capital. But this has not happened so far. The distribution system has become extremely overstretched to handle present increased load due to increasing consumers. Further, due to massive rural electrification under RGGVY & BGJY, enormous pressure is put on the distribution network which needs to be strengthened.

Providing reliable power supply has become a major challenge due to inadequate distribution infrastructure. While the AT & C loss is high, the revenue recovery by DISCOMs has not been satisfactory. DISCOMs have not invested in upgrading distribution system.

Against this backdrop, the Government of Odisha floated the CAPEX Scheme in 2010 with a view to invest Rs. 2,400 crore over a period of four years with the assistance from 13th Finance Commission grant, and grants & soft loans from the State, GRIDCO and counterpart funding by the DISCOMs. While the Scheme is more than three years old, progress has been slow. R-Infra managed DISCOMs i.e. SOUTHCO, WESCO & NESCO have not mobilised any counterpart funding which is required to avail further funding under the Scheme. CESU has organised counterpart funding and possibly avail the entire amount. In the absence of investment, the existing fragile distribution network is crumbling day by day. Not only the technical loss is increasing, but also the DISCOMs fail to supply reliable power at appropriate voltage. With the growing number of rural consumers due to implementation of various rural electrification works like RGGVY, BGJY, etc., it has become essential to set up adequate Nos. of 33/11 KV Sub-stations to supply stable powers as well as reduce technical loss. Further, this will go a long way towards growth of industries and agriculture in the State.

Against the total requirement of 1200 Nos. of 33/11 KV S/S, at present there are approximately 550 nos. of 33/11KV S/S existing in the State. Leaving aside 130 Nos. of 33/11KV S/S, which shall come up in urban areas, about 500 nos. additional substations need to be constructed out of State Government support.

In view of the above and after careful consideration the State Cabinet in its 35th meeting held on 25-7-2013 has approved the proposal for construction of about 500 new 33/11KV Sub-stations in the State with an investment of Rs. 2,600 crore over a period of three years with the following guidelines.

2. Scope of the programme :

Under this programme, about 500 Nos. of new 33/11KV Sub-stations with at least one incoming 33/KV feeder and two outgoing 11KV feeders will be constructed. Each of the Sub-stations in rural areas will have 2 x 3.15 MVA or 2 x 5MVA capacities and in urban area, 2 x 5 MVA or 2 x 8 MVA capacities. Considering the average cost of 2 x 5 MVA capacities 33/11 KV Sub-station and associated 33 KV and 11 KV feeders, tentatively Rs. 5.00 crore will be required for a sub-station. A total investment of Rs. 2,600 crore would be required for the project over a period of three years.

3. Implementating/Nodal Agency :

Odisha Power Transmission Corporation Limited (OPTCL), a State Public Sector Undertaking having *expertise* in electricity transmission projects shall act as Implementing/Nodal Agency for the project.

It would be the responsibility of OPTCL to co-ordinate with the agencies involved viz., Department of Engery, Finance Department, PMC, DISCOMs and Steering Committee of the project. To manage the implementation of the project, OPTCL has to incur cost on setting up of the project office, manpower, contingencies and project related administrative expenses as well as fees payable to Project Management Consultant (PMC), 6% (six) of project cost will be made available to OPTCL towards project management cost.

4. Mode of Disbursement :

GoO will release the funds as grant to the implementing agency i.e. OPTCL for the implementation of this project.

5. Year Wise Estimate :

The Scheme envisages investment of 2600 crore to be spent over a period of three Financial Years i.e. FY 2013-14 to FY 2015-16 by the Government as per the following :

FY 2013-14	..	Rs. 200 crore
FY 2014-15	..	Rs. 1000 crore
FY 2015-16	..	Rs. 1400 crore

6. Project formulation and Implementation :

DISCOMs will prepare the DPRs under the Scheme. While preparing the DPR, the Load Flow Study shall be conducted for the proposed Sub-stations. The route alignment of 33 KV and 11KV lines shall be done through GPS mapping OPTCL shall scrutinise the same and place before Hon'ble OERC for approval.

The latest technology shall be adopted. The choice of appropriate technology i.e. GIS, AIS-Compact etc, shall be decided based on the field condition and proposed location of the Sub-stations either in urban, semi-urban or rural area.

OPTCL will handle the bid management and will engage a competent project Management Consultant (PMC) amongst the CPSUs. The scope under the contract shall cover contract management, Monitoring of the execution of the work Documentation of Work, Certification for Payment etc.

7. Project Monitoring Mechanism :

The project Monitoring Mechanism at pre-implementation stage and post implementation stage is the responsibility of Government of Odisha. Hence, multi stage control and review will be made at different levels viz. by Nodal Agency, by Government in Energy Department and by the Steering Committee to be constituted to oversee the implementation of the project.

A Steering Committee under the Chairmanship of Commissioner-cum-Secretary, Energy with representatives from Finance Department P&C Department Nodal PCCF, MD/CEO of DISCOMs, representative of OPTCL, Shri S. K. Jena, former member, OERC and Shri A. K. Tripathy, former Director, CPRI will be constituted for monitoring the entire project and provide necessary guidance for effective implementation of the project.

8. Technical Loss Reduction :

The Scheme envisages reduction of loss @ 3% which shall result in savings of at least Rs. 255 crore per year. Therefore this investment of Rs. 2600 crore will be ploughed back to the system within a span of ten years.

9. Asset Management mechanism :

Assets created under the Project would be owned by Odisha Power Transmission Corporation Limited (OPTCL) and it will be handed over to DISCOMs for Operation and Maintenance only. A tripartite agreement will be signed amongst the State Government, OPTCL and DISCOMs for the purpose. Odisha Electricity Regulatory Commission will approve the O&M cost of the assets in each year on application by the Distribution Companies while approving their Annual Revenue Requirement (ARR). Further, assets created under the scheme and used by the DISCOM can neither be leased nor hypothecated nor any lien be created by DISCOMs.

10. Third Party Quality Assurance :

Nodal Agency (OPTCL) shall appoint Third Party Independent Inspecting Agency, preferably from amongst CPSUs for inspection and quality assurance.

11. Phasing of Implementation :

The required 500 Nos. of Sub-Stations (approx) shall be constructed in a phased manner viz. 1st Phase 175 Nos., 2nd Phase 175 Nos. and 3rd Phase 150 Nos. (approx) considering exigency of load, voltage condition, scope of reduction in Technical Loss and priorities given by the DISCOMs to address the voltage flow at consumer end across the State.

12. Land :

The land for the Substations shall be selected based on technical and geographical parameters. Government land is to be alienated in favour of the Department of Energy. The officers of the DISCOM shall be authorized by the Department of Energy to apply for alienation. Where suitable Government land is not available, OPTCL may opt for land acquisition or direct purchase from the land owners with the approval of the Government in the in the name of the Department of Energy. The cost of such procurement of private land will be charged to the project.

13. Power to Remove difficulties :

If any difficulty arises on the interpretation of any of the provisions of this notifications, the clarification/decision of the Secretary to Government Department of Energy, GoO shall be final.

By order of the Governor

P. K. JENA

Commissioner-cum-Secretary to Government